

CHAPTER IV. CHARACTERISTICS OF PILOT STATES, COMMUNITIES, EMPLOYERS, AND EMPLOYEES

A. BACKGROUND

In evaluating the Basic Pilot program, it is important to understand the environments in which the pilot is being implemented. Environmental context is of particular concern when considering the possible impact of scaling up the Basic Pilot to include more employers in more States. For example, implementing the Basic Pilot model may be cost-effective only when certain conditions are present, such as the automated management information systems used by large businesses or in industries with the capital to finance the cost of the system.⁴⁵ In addition, the environmental context may reveal how pre-existing differences between pilot and non-pilot employers result in different outcomes. Only by understanding contextual issues can the evaluation team identify the effects of the pilot program on factors such as employer targeting of immigrants for recruitment or the extent of hiring discrimination.

Chapter IV highlights the characteristics of the States and communities in which the Basic Pilot is being conducted and describes the employers enrolled in the Basic Pilot program and their employees. Because the number of characteristics is extensive, the chapter focuses on those that the evaluation team believes to be the most informative. Information about other analyses of pilot program environments can be found in Appendix G.

B. STATE CHARACTERISTICS

1. BACKGROUND

The Basic Pilot program was implemented in the five States with the largest estimated populations of undocumented immigrants (California, Florida, Illinois, New York, and Texas).⁴⁶ INS estimates that almost 80 percent of the undocumented immigrant population resides in these five States, perhaps creating a greater incentive for some employers to volunteer for the pilot.⁴⁷ Although the approach is reasonable for a pilot program, it requires that the evaluation be sensitive to the specific characteristics of the

⁴⁵ For example, one Federal interviewee suggested that establishment “clearinghouses” could be established to conduct the electronic verifications for small employers for whom the system might be less practical. The feasibility of such an approach would, of course, have to be researched before it was implemented.

⁴⁶ In March 1999, Nebraska was added to the list of targeted States. Since this date was close to the cut-off point for sample selection, Nebraska was not included in the analysis.

⁴⁷ In October 1996, according to INS estimates, 2 million undocumented immigrants lived in California, 700,000 in Texas, 540,000 in New York, 350,000 in Florida, and 290,000 in Illinois. Collectively, these five States contain an estimated 78 percent of the total undocumented immigrant population (Immigration and Naturalization Service, and Bureau of International Labor Affairs, 1999, p. 57).

State – characteristics that differ significantly from those of other States and might affect the success or failure of any expansion of the pilot program.

When a company with establishments in a target State signed up for the pilot, it was also permitted to enroll its establishments in other States. As of July 1999, 1,189 establishments⁴⁸ had enrolled in the Basic Pilot program, 876 from the original Basic Pilot States⁴⁹ and 313 located elsewhere.

2. TOTAL BUSINESS AND EMPLOYEE SIZE

The five original Basic Pilot States, while small in number, contain more than one-third of the nation's business establishments (35 percent), employees (35 percent), and total population (36 percent).⁵⁰ Establishments volunteering to participate in the Basic Pilot comprise less than 0.1 percent of establishments in these States.

3. FOREIGN-BORN POPULATION

Since the selection of the five original Basic Pilot States was based on the estimated size of their undocumented immigrant populations, it is not surprising that a high percentage of the population in these States is foreign-born. In 1990, 15 percent of the residents of the original States were foreign-born, compared to 8 percent of the national population.⁵¹

4. RACIAL/ETHNIC DIVERSITY

The original Basic Pilot States are slightly more diverse than the Nation in terms of race and ethnicity (Exhibit IV-1). The difference is greatest for Hispanic persons. The original States have approximately twice the percentage of Hispanics as the Nation (23 percent versus 11 percent). The representation of Asians/Pacific Islanders in these States is also higher than in the Nation (6 percent versus 4 percent). In contrast, the percentage of non-Hispanic blacks in these States is below the national average. Sixty percent of the population in the original Basic Pilot States is non-Hispanic white, compared to 72 percent of the Nation's population.

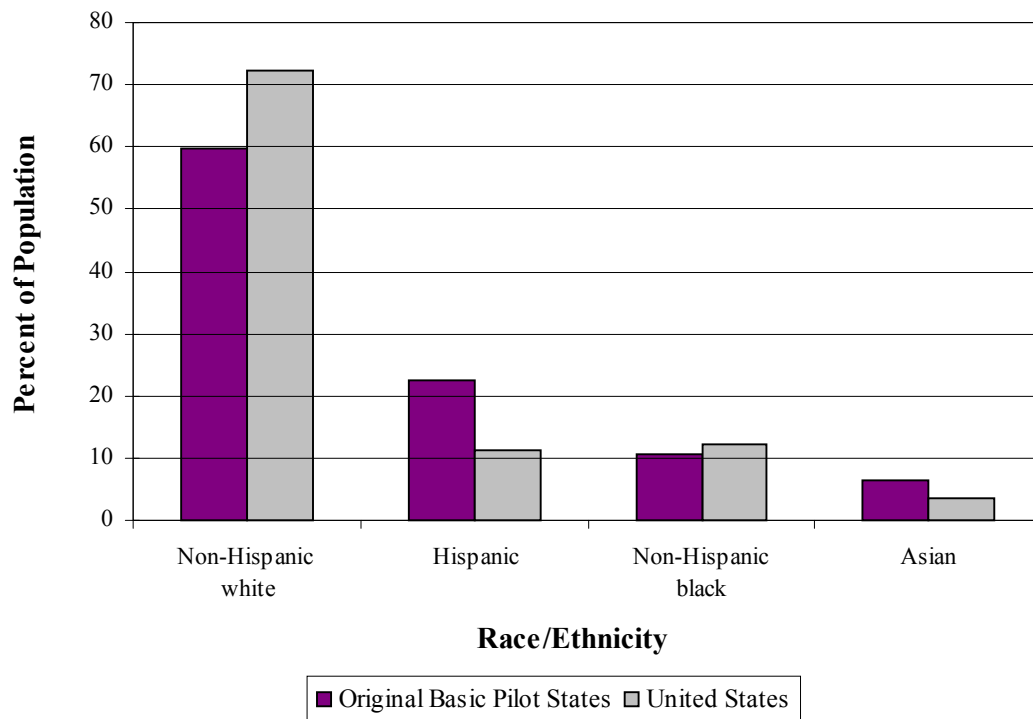
⁴⁸ For the purposes of this report, establishments are the primary unit of analysis, where an establishment is defined as "...a single physical location where business is conducted or where services or industrial operations are performed" (see <http://www.census.gov/csd/susb/defterm.html>).

⁴⁹ In this report, the five States in which the Basic Pilot program was originally implemented (California, Florida, Illinois, New York, and Texas) are referred to as original Basic Pilot States.

⁵⁰ Establishment information is from the U.S. Census Bureau, as reported by the Office of Advocacy, U.S. Small Business Administration. Population information is from the Census Bureau, as reported in U.S. Naturalization Service and Bureau of Labor Affairs (1999).

⁵¹ This estimate comes from 1990 Decennial Census data, downloaded from the Census Bureau Web site (<http://factfinder.census.gov/servlet/BasicFactsServlet>).

Exhibit IV-1: Racial/Ethnic Distribution of U.S. Population and Original Basic Pilot States



SOURCE: *Statistical Abstract of the United States: 1999*

5. POPULATION DENSITY

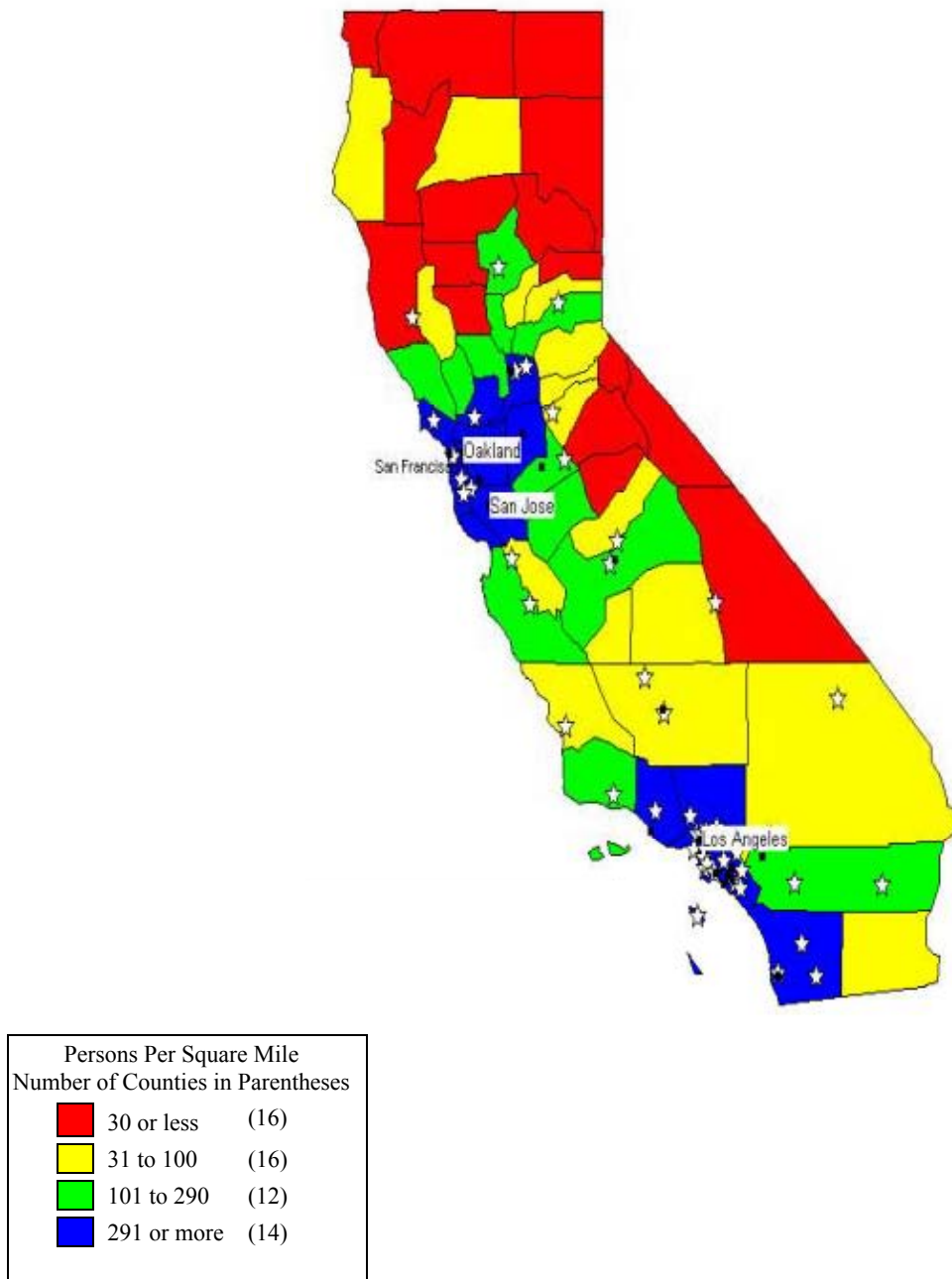
The five original Basic Pilot States are more densely populated than the Nation as a whole. The average population density for the original States is 172 persons per square mile, compared to the national population density of 77 persons per square mile. The finding is potentially important for understanding the burden of the verification system on employees, since the difficulty of a trip to a Social Security office to correct information may be quite different for employees in densely populated areas than for those in more sparsely populated areas.

C. COMMUNITY CHARACTERISTICS

1. URBANICITY

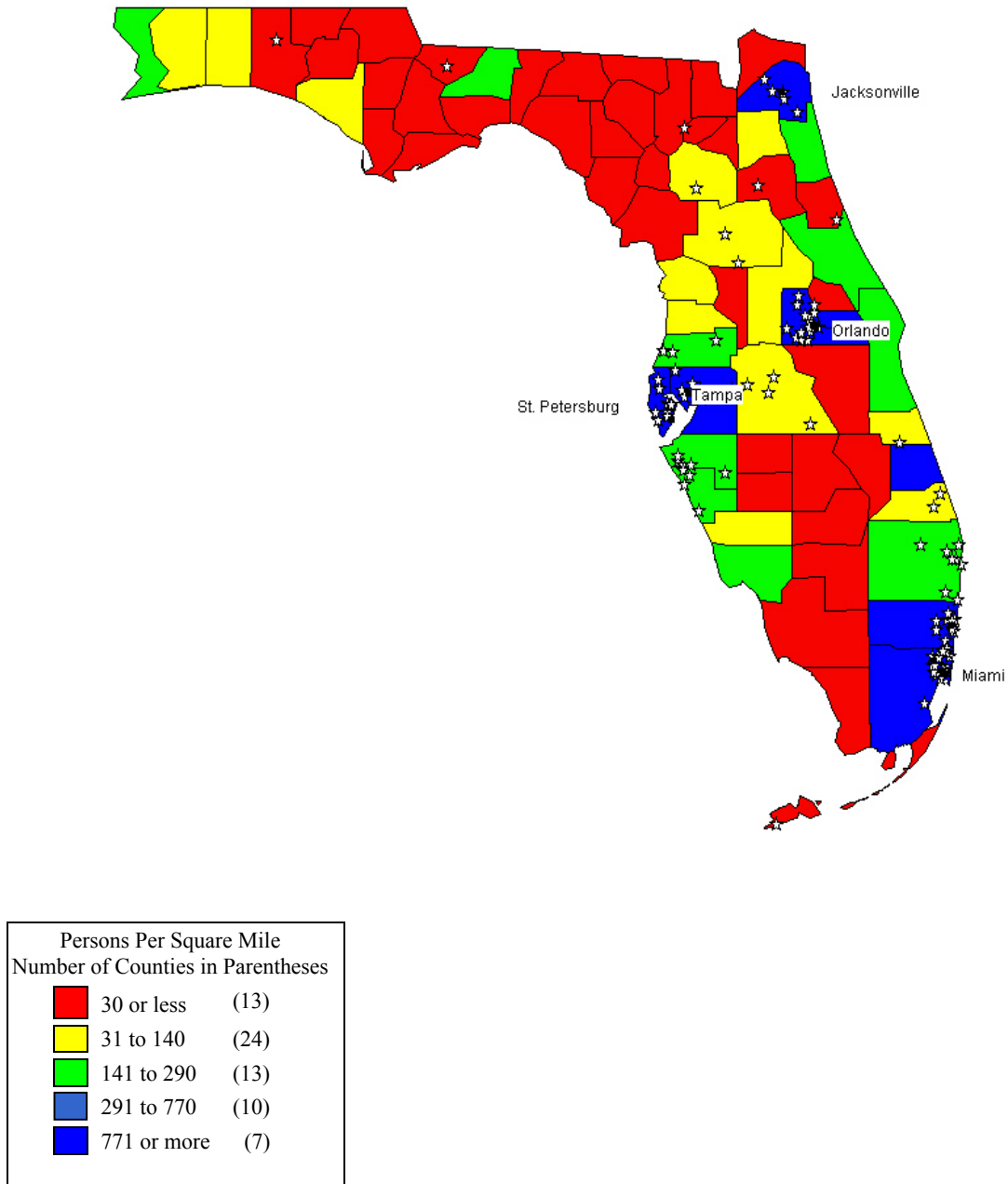
Pilot establishments are clustered in and around large urban areas within the original Basic Pilot States (Exhibits IV-2 through IV-6). More specifically, they are clustered around Los Angeles, San Diego, and San Francisco in California; Miami, Orlando, and Tampa in Florida; Chicago in Illinois; New York City in New York; and Dallas-Fort Worth, San Antonio, and Houston in Texas. While INS did not formally target urban areas, the advertising campaigns soliciting pilot participants were primarily placed in newspapers and at radio stations in major metropolitan areas. INS also announced the

Exhibit IV-2: California – Population Density by County and Location of Basic Pilot Employers*



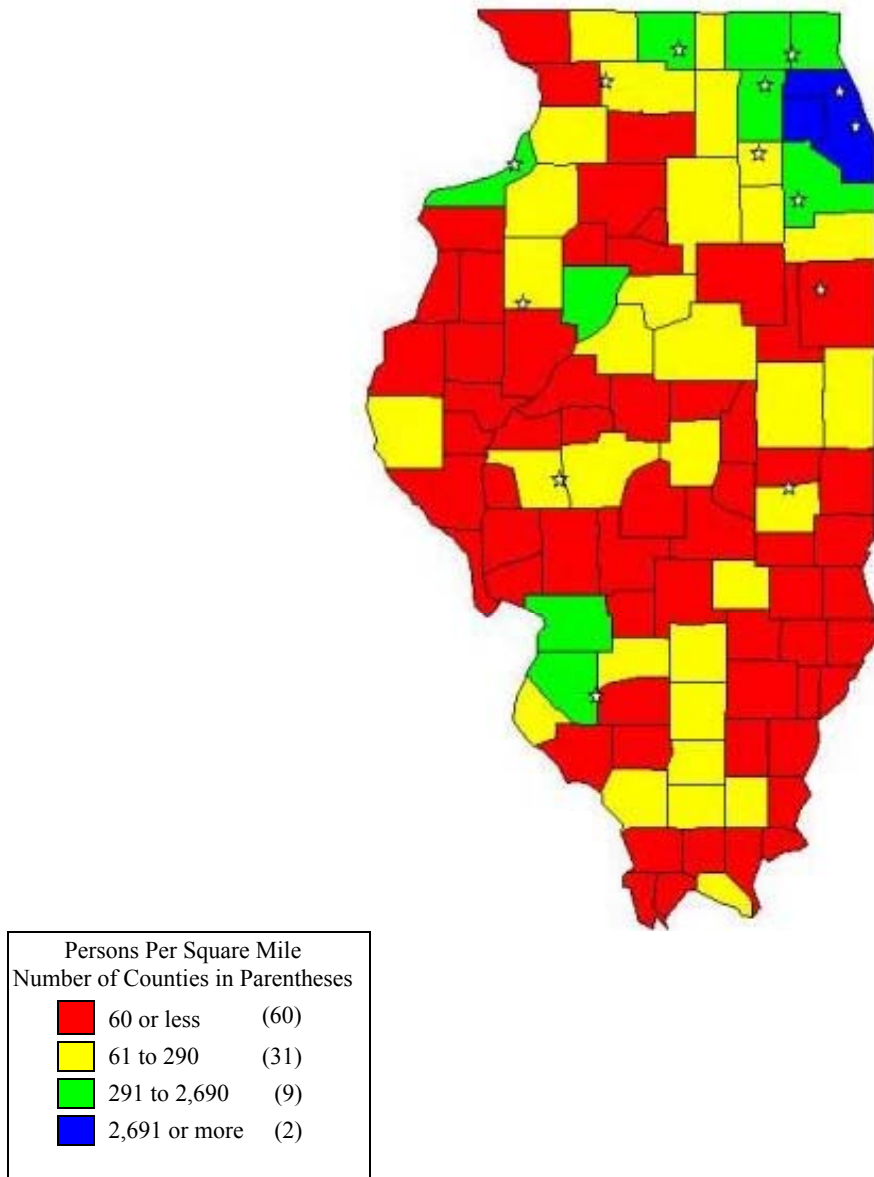
* Each star represents a pilot employer.

Exhibit IV-3: Florida – Population Density by County and Location of Basic Pilot Employers*



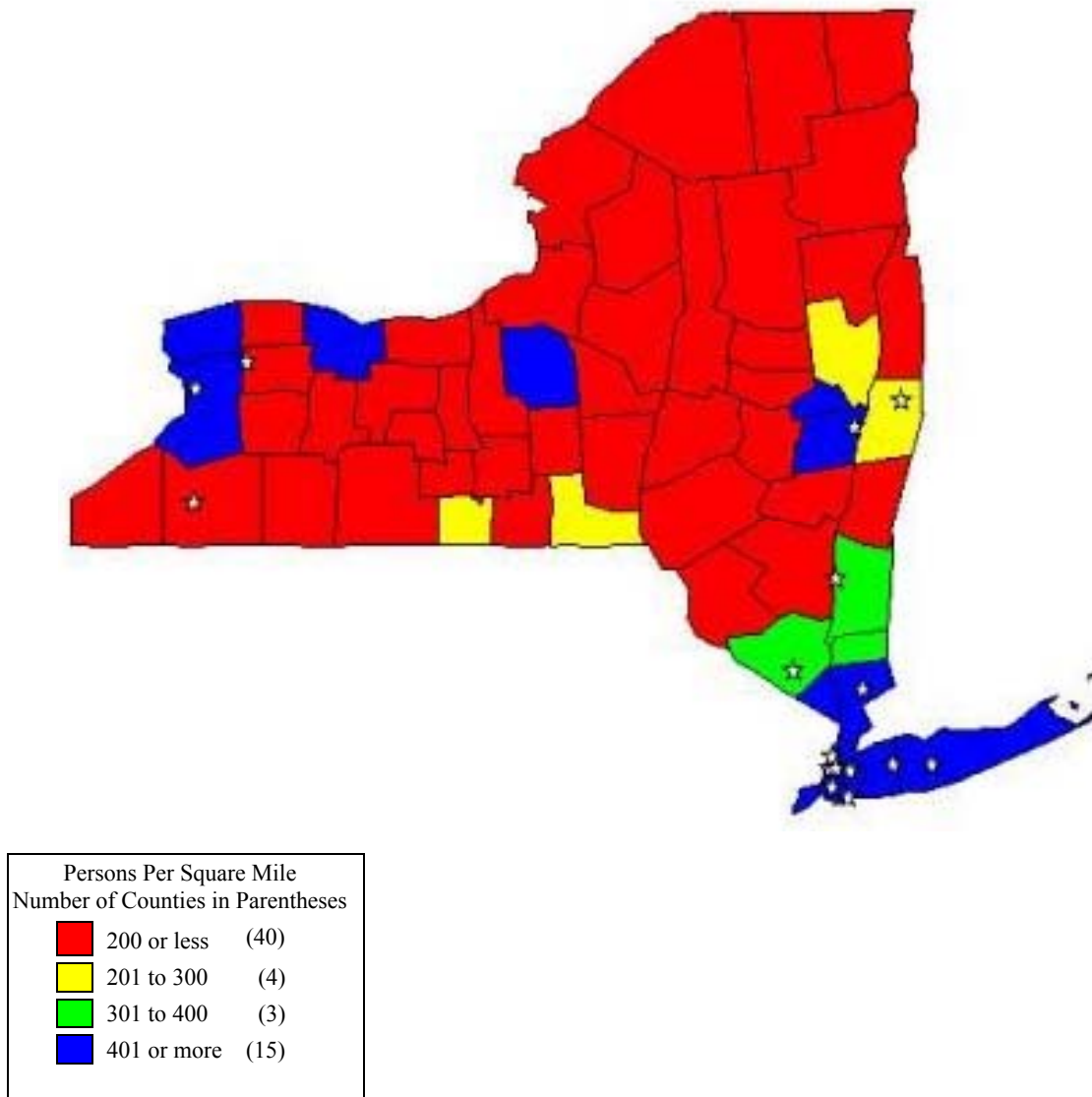
* Each star represents a pilot employer.

Exhibit IV-4: Illinois – Population Density by County and Location of Basic Pilot Employers*



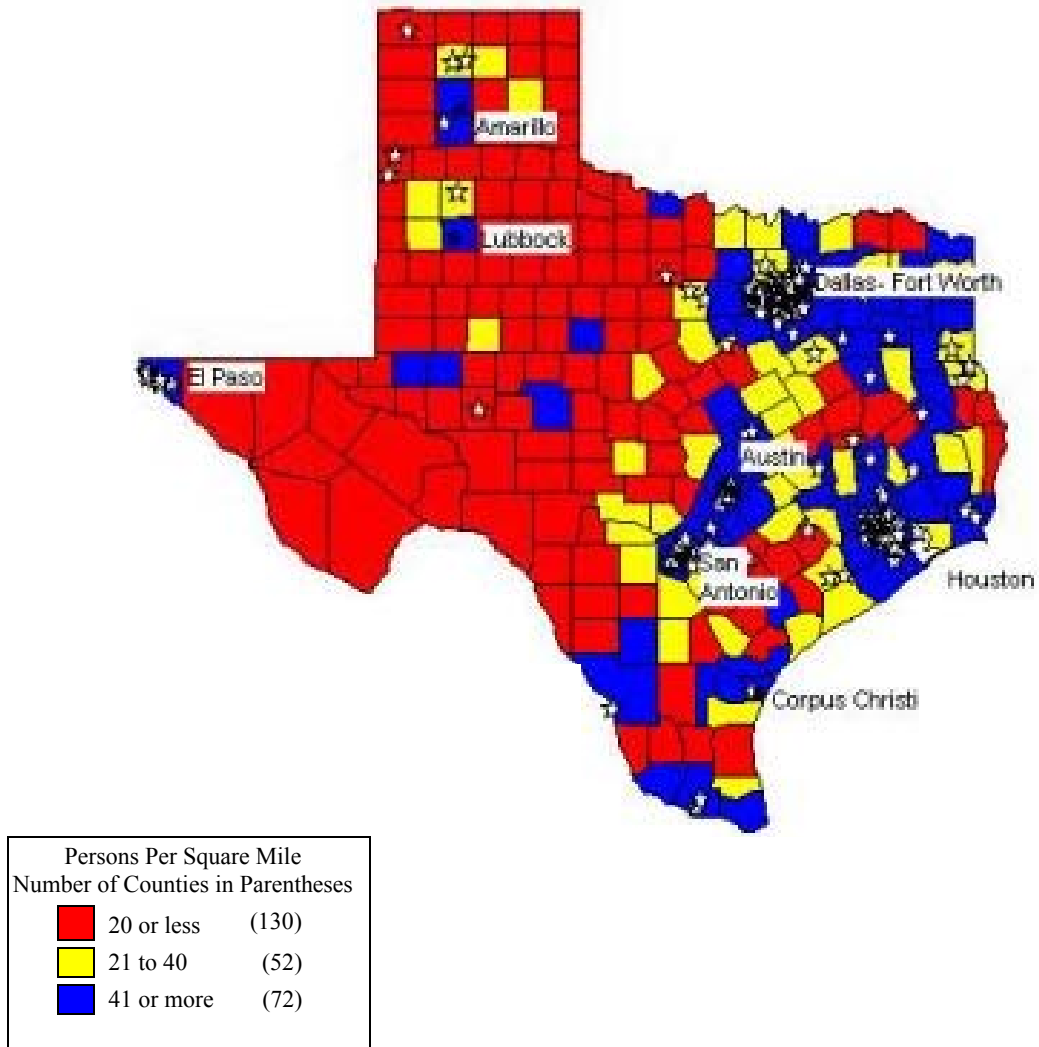
* Each star represents a pilot employer.

Exhibit IV-5: New York – Population Density by County and Location of Basic Pilot Employers*



* Each star represents a pilot employer.

Exhibit IV-6: Texas – Population Density by County and Location of Basic Pilot Employers*



* Each star represents a pilot employer.

pilots in the *Federal Register* and used educational seminars to promote the Basic Pilot, although most of the seminars were conducted in urban areas. In addition, many employers learned about the program from other employers, further contributing to the geographic concentration.

The civilian labor force, the number of manufacturing establishments, and manufacturing payrolls are considerably larger in counties with pilot participants than in counties without them, in part because of the concentration of pilot employers in urban areas (Exhibit IV-7). These differences are most pronounced in California.

Exhibit IV-7: Civilian Labor Force, Number of Manufacturing Establishments, and Manufacturing Payroll in Counties With and Without Pilot Participants Within Original Basic Pilot States (in thousands)

	California Counties		Florida Counties		Illinois Counties		New York Counties		Texas Counties	
	Without Pilots	With Pilots	Without Pilots	With Pilots	Without Pilots	With Pilots	Without Pilots	With Pilots	Without Pilots	With Pilots
Civilian labor force, 1996	2,039	13,558	2,043	4,894	2,284	3,816	3,135	5,505	3,548	6,201
Number of manufacturing establishments, 1996	4,916	46,775	3,935	12,215	6,482	12,533	7,311	20,972	6,664	14,116
Manufacturing payroll, 1996	\$4,303	\$63,522	\$2,901	\$9,775	\$12,082	\$24,156	\$13,481	\$22,295	\$6,653	\$20,347

SOURCE: U.S. Census Bureau and Bureau of Labor Statistics

2. ECONOMIC STATUS

Counties where employers are participating in the Basic Pilot are characterized by lower unemployment and poverty rates and by higher per capita income than other counties – both on a national average and within each targeted State (Exhibit IV-8). It is possible that these traits result from the concentration of pilot employers in urban communities.⁵²

Exhibit IV-8: Economic Status Indicators in Counties With and Without Pilots Within Original Basic Pilot States

	California Counties		Florida Counties		Illinois Counties		New York Counties		Texas Counties	
	Without Pilots	With Pilots	Without Pilots	With Pilots	Without Pilots	With Pilots	Without Pilots	With Pilots	Without Pilots	With Pilots
Per capita income, 1994	\$18,439	\$22,107	\$17,311	\$20,398	\$18,412	\$21,454	\$18,500	\$26,186	\$17,259	\$18,012
Percent of population below poverty level, 1993	16.0	14.8	18.0	16.0	12.4	10.9	13.2	13.5	20.2	19.7

SOURCE: U.S. Census Bureau

⁵² This concentration is noticeable in Exhibits IV-2 through IV-6. Also, the average population density of counties within original States with pilots is 1,505, compared to 143 for counties without pilots.

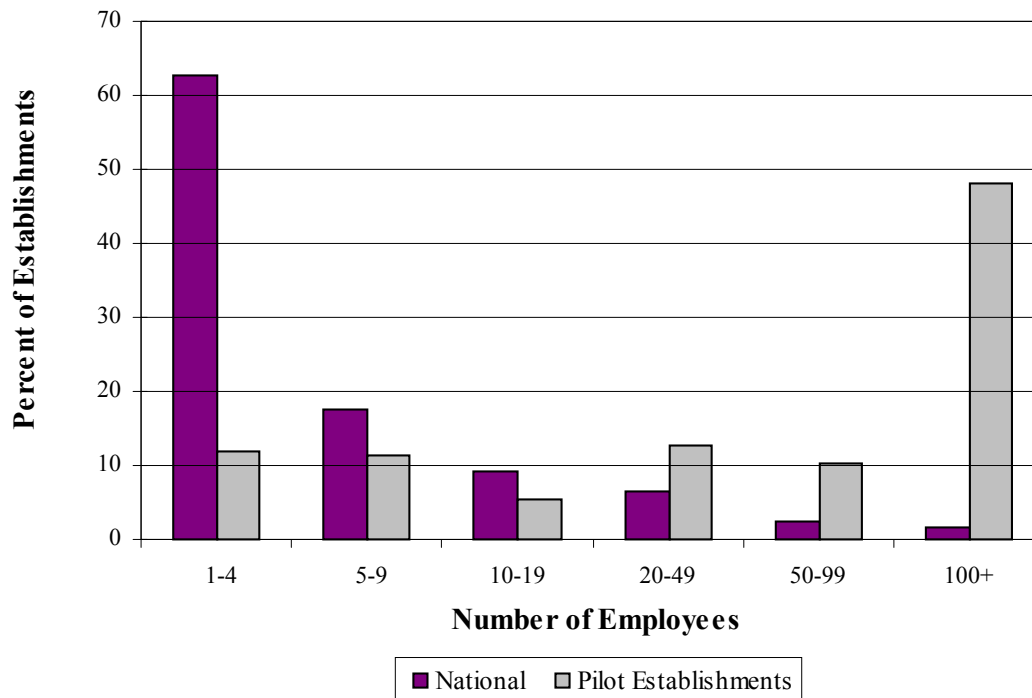
D. EMPLOYER CHARACTERISTICS

1. ESTABLISHMENT SIZE

Establishments signing up for the Basic Pilot program tend to be concentrated among larger employers. Fifty-nine percent of pilot establishments had 50 or more employees, compared with 4 percent of establishments nationwide, according to information available on the GENESYS database (Exhibit IV-9). The underrepresentation of pilot establishments is greatest among establishments with fewer than five employees. Only 12 percent of pilot establishments are in this category, compared to 63 percent of establishments nationwide. To the extent employer size affects the usefulness of the Basic Pilot, it may be less cost effective for small employers. There are several possible reasons why this program was less attractive to small establishments:

- On average, small employers have fewer employees needing verification; therefore, they will benefit less from the program than larger employers.
- Small employers are less likely to have the computer equipment and staff needed to implement and run the Basic Pilot program, making it more expensive for them to set up and maintain.
- Since they are more visible to government agencies and more likely to be subjected to government scrutiny, large employers may acquiesce more readily than smaller employers to government requests to adopt administrative structures and systems.

Exhibit IV-9: Distribution of Pilot and National Establishments by Number of Employees



SOURCE: GENESYS Database, Marketing Systems Group

2. INDUSTRIES

Pilot establishments are disproportionately concentrated in certain industries⁵³ (Exhibit IV-10). At the broadest industrial division, manufacturing establishments are much more likely to be enrolled in the pilot system than are non-manufacturing establishments. Thirty-eight percent of pilot establishments are in manufacturing, compared to 4 percent of all establishments in the nation. Industry groups that are underrepresented in the Basic Pilot program include retail trade (10 percent of pilot establishments versus 21 percent of all establishments), services (34 percent versus 44 percent), and finance, insurance, and real estate (less than 1 percent versus 8 percent).⁵⁴

Exhibit IV-10: Distribution by Broad Industry Classification of Basic Pilot Establishments and the Nation

Industry Classification	Pilot	National
Manufacturing	38.2	4.2
Services	33.8	44.0
Retail trade	9.6	20.8
Wholesale trade	6.4	5.5
Agricultural services	3.4	1.9
Construction	3.1	6.6
Transportation	1.8	3.3
Finance/insurance/real estate	0.5	8.3
Mining	0.2	0.2
Others	3.1	5.2

SOURCE: GENESYS Database, Marketing Systems Group

The concentration of pilot programs in certain industries becomes even more obvious when one examines the more detailed industrial classifications. For example, within manufacturing, approximately two-thirds of the pilot establishments are defined under “food and kindred products,” compared to only 5 percent in the Nation as a whole. Examination of more detailed industrial codes indicates that a large number of the establishments are meat-packing plants and poultry-slaughtering and -processing establishments. These establishments – which often rely on recent immigrants to do

⁵³ The concentration cannot be explained by the concentration of the establishments within the five original Basic Pilot States, since the industrial distribution within pilot States closely resembles the national distribution.

⁵⁴ For example, a recent *New York Times* article states, “Immigrants dominate dozens of job categories, especially arduous, low-paying ones: poultry plant workers, meat packers, gardeners, hotel maids, seamstresses, restaurant workers, building-demolition workers, and fruit and vegetable pickers” (S. Greenhouse, “Foreign Workers at Highest Level in Seven Decades,” September 4, 2000).

unpleasant, unskilled work⁵⁵ that U.S. citizens avoid – received special emphasis during recruitment for the Basic Pilot program.

Although pilot establishments are underrepresented in service industries at the broadest level, examination of the more detailed industrial codes indicates that pilot establishments are heavily overrepresented among help-supply services or temporary agencies and employment agencies

E. CHARACTERISTICS OF EMPLOYEES PROCESSED THROUGH THE BASIC PILOT SYSTEM

Employee characteristics also differ from the general population in important ways, which the evaluation team has taken into account.⁵⁶ For example, stakeholders have expressed concern that some employees may be reluctant to contest a tentative nonconfirmation even when they are work-authorized. If these employees are over- or underrepresented among those verified through the system, it will be necessary to account for their over- or underrepresentation when considering the likely effect of the Basic Pilot program on other employers.

In this section, employee characteristics reported in the transaction database are compared with information for the general population in the five original States.⁵⁷ The comparison should be viewed as approximate because the workforce differs from the total population within a State and because not all employees in the transaction database reside in the five original States.

1. FOREIGN-BORN AND CITIZENSHIP STATUSES

Given that the Basic Pilot program is generally perceived to be more useful to employers who frequently hire foreign-born individuals than to other employers, the evaluation team expected to find that pilot employees were disproportionately foreign-born.⁵⁸ This was indeed the case. Among transaction database cases for whom foreign- versus native-born status was indicated, 31 percent of database entries were for foreign-born employees; in comparison, 15 percent of the population in the five original States are foreign-born.

Since almost all native-born individuals are U.S. citizens, it is reasonable to believe that fewer U.S. citizens than noncitizens were verified through the Basic Pilot program. This was confirmed by comparing the transaction database with national data. Twenty-seven

⁵⁵ For example, a recent *New York Times* article states, “Immigrants dominate dozens of job categories, especially arduous, low-paying ones: poultry plant workers, meat packers, gardeners, hotel maids, seamstresses, restaurant workers, building-demolition workers, and fruit and vegetable pickers” (S. Greenhouse, “Foreign Workers at Highest Level in Seven Decades,” September 4, 2000).

⁵⁶ This section focuses on employees for whom information was entered into the Basic Pilot system, because these are the employees most affected by the Basic Pilot program.

⁵⁷ In the gender comparison, the comparison population is the civilian labor force.

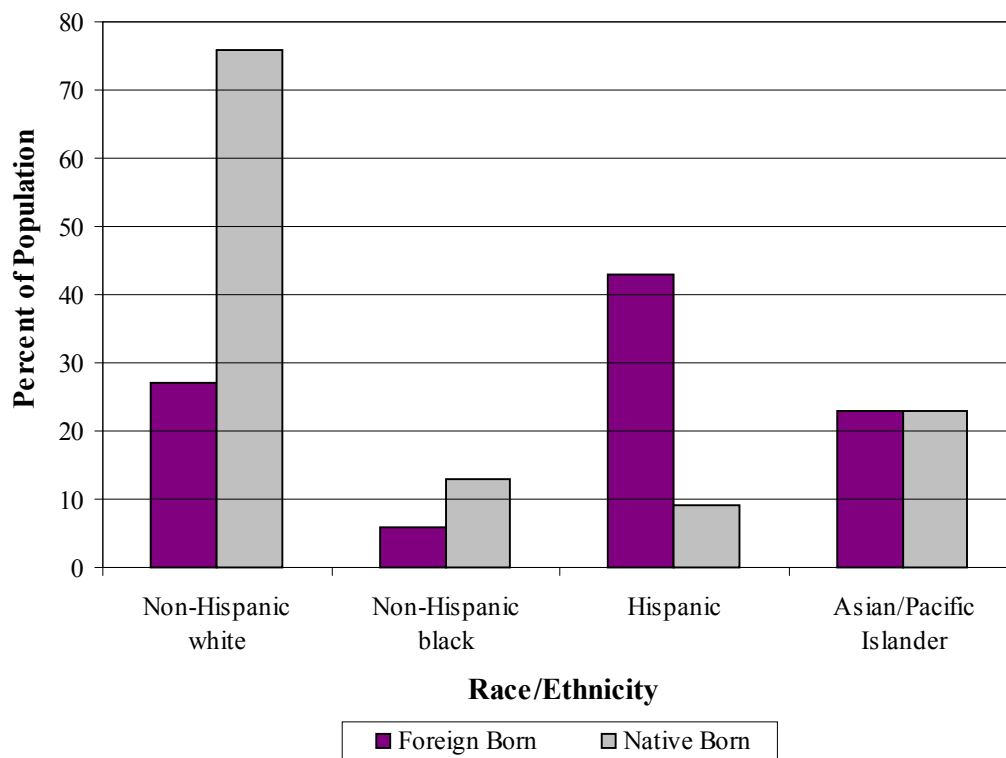
⁵⁸ See the discussion of perceptions of the Basic Pilot program in Chapter VI.

percent of the entries in the transaction database were for noncitizens; in comparison, 11 percent of the population in the original pilot States are noncitizens.⁵⁹

2. RACE/ETHNICITY

Since racial/ethnic composition differs considerably between the foreign-born population and the native-born population (Exhibit IV-11), the evaluation team expected that the racial/ethnic characteristics of employees on the transaction database would differ from those of the general population. More specifically, the evaluation team expected that Hispanics and Asians would be overrepresented on the database and that whites and blacks would be underrepresented. However, this was only partially true. Among employees whose race/ethnicity was available on the transaction database,⁶⁰ Hispanics were overrepresented and non-Hispanic whites and non-Hispanic blacks were underrepresented, as expected. However, contrary to expectation, Asians were underrepresented among pilot employees (Exhibit IV-12).

Exhibit IV-11: Racial/Ethnic Composition of Foreign-Born and Native-Born Populations

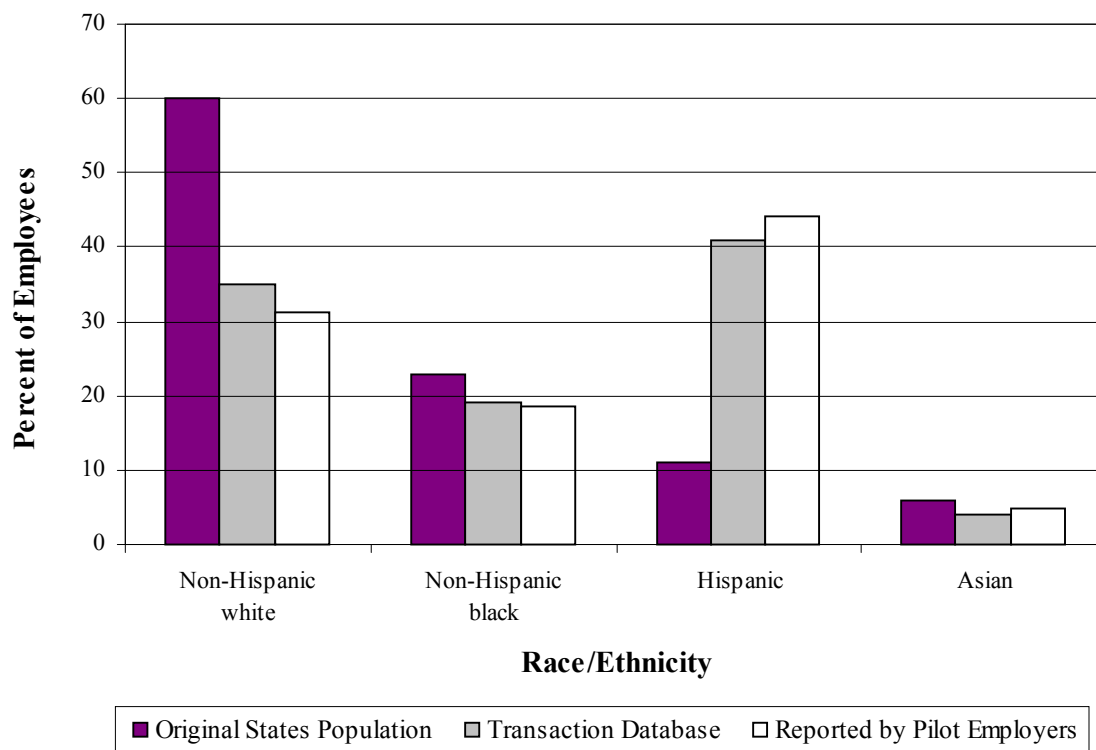


SOURCE: March 1999 Current Population Survey data downloaded through FERRET

⁵⁹ This estimate is based on data from the Current Population Survey for March 1999, downloaded through FERRET.

⁶⁰ This information was added to the transaction database from Social Security records. Fourteen percent of the records did not contain information on race/ethnicity.

Exhibit IV-12: Race/Ethnicity of Employees: General Population in Original States, on the Transaction Database, and as Reported by Pilot Employers



SOURCES: March 1999 Current Population Survey data downloaded through FERRET, Basic Pilot Transaction Database, and Employer Mail Survey

The evaluation team hypothesized that the unexpectedly low number of Asians on the database was due at least in part to the type of industries represented among pilot establishments. However, this was not the case, at least at the broadest industry level. The percentage of Asians working in the three broad industrial categories that were overrepresented among pilot employers (manufacturing, agricultural services, and wholesale trade) is quite similar to that of the larger population. It is possible that an examination of more detailed industrial categories would help to explain why Asians are underrepresented among pilot employers. However, the evaluation team was not able to locate data that could be used to address this question.

3. GENDER

A slightly higher percentage of men are included in the Basic Pilot transaction database than would be expected based on their representation in the general labor force (62 percent in the pilot compared to 54 percent nationally).⁶¹

⁶¹ Information on the civilian labor force is from the U.S. Department of Labor, *Report on the American Workforce*, 1999.

4. CONCLUSION

The preceding comparisons between the general population and Basic Pilot employees suggest that Basic Pilot employees differ from the U.S. workforce. Especially important is the overrepresentation of Hispanic employees among pilot employers, in part because of the States and industries participating in the pilot program.

F. SUMMARY

This chapter has documented several ways in which pilot States, communities, employers, and employees differ from their non-pilot counterparts. The major distinguishing characteristics of the Basic Pilot program are described below:

- Basic Pilot programs are disproportionately located in the five original Basic Pilot States (California, Florida, Illinois, New York, and Texas). INS estimates that these States contain 80 percent of the undocumented immigrant population.
- Pilot establishments are clustered in and around large urban areas within the original Basic Pilot States.
- Participating employers tend to be above average in size and are concentrated in industries, such as meat packing and poultry slaughtering, that frequently use a large number of recent immigrants to perform unpleasant and unskilled tasks.
- Compared to the general population in the five original States, Basic Pilot employees are more likely to be foreign-born and Hispanic.

It is clear, therefore, that the experiences of many Basic Pilot employers are not representative of the likely experiences of the larger population.

